

23-25
OCTOBER
2013

8th European Golf Business Conference
BACK to BASICS
finding & binding



Quantival™

The Intelligent Pricing Engine™

Dr. Nile W. Hatch

$$f(x) = a_0 + \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} + b_n \sin \frac{n\pi x}{L} \right)$$



Less Guessing... More Science™

Good Corporate Decisions Drive Value

- Agronomy
- Marketing
- Hospitality
- Clubhouse
- Pro Shop
- Food and events

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} \right. \\ &\left. + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

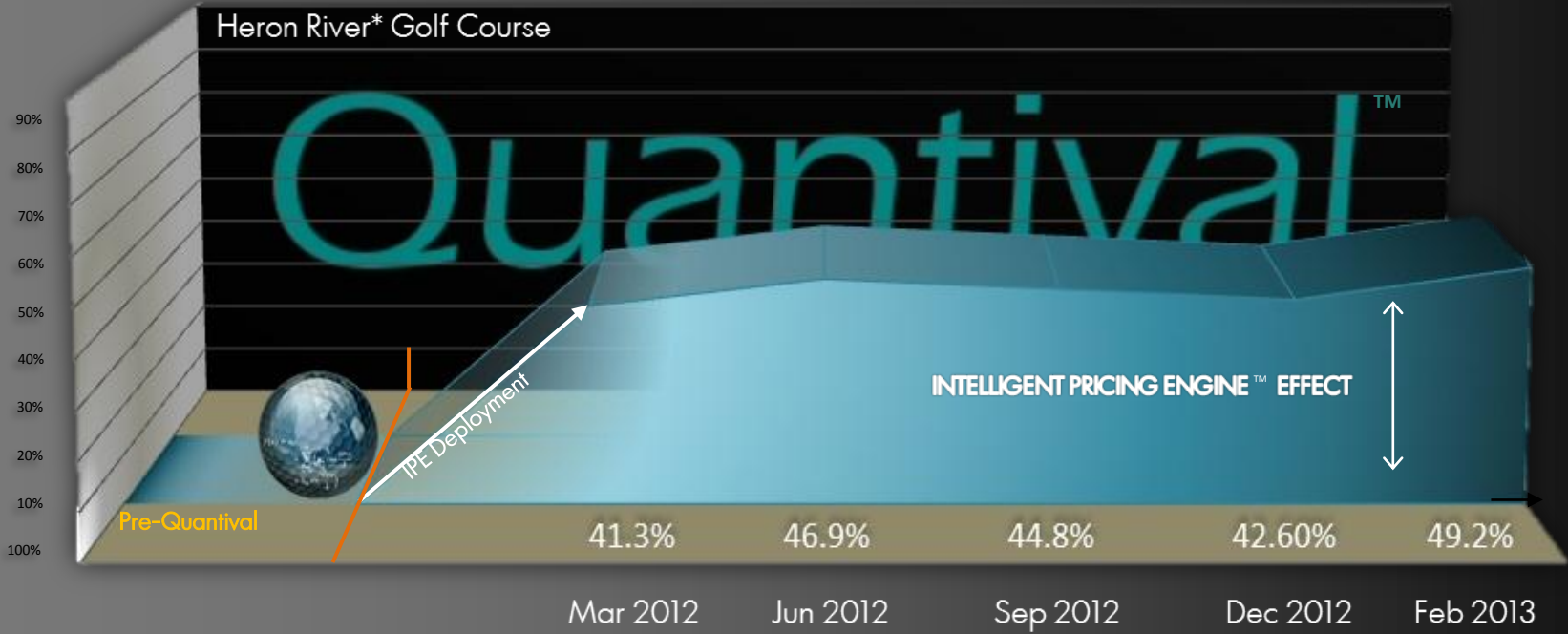
Less Guessing... More Science™

If you set the wrong price,
you capture only part of the
value you have created

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} \right. \\ &\left. + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

Less Guessing... More Science™

Quantival's Intelligent Pricing Engine Pays



40% incremental revenue

Less Guessing... More Science

Quantival™

Finger in
the wind?



How do you set
your pricing?



$$f(x) = a_0 + \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} + b_n \sin \frac{n\pi x}{L} \right)$$

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Valuation is Driven by Many Volatile Factors

Quantival™



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What is wrong with static pricing?

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} \right. \\ &\left. + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

Less Guessing... More Science™

Static pricing hemorrhages revenue...

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} \right. \\ &\left. + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

Less Guessing... More Science™

Static pricing ignores or misunderstands what your golfers want.

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} \right. \\ &\left. + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

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What your Golfers Want...

Quantival™

“I wonder if I can get a tee-time at 8 AM on Saturday? Is it worth the bother to check?”

—Golfer



“I hope the tee sheet fills up on Saturday. Should I offer a discount?”

—Course Owner

What should you want...

What your Golfers Want...

Quantival™

“Green fees are too expensive!. I can play another course twice for the same and it is almost as good.”

—Golfer



“Too many rounds go unplayed but I can’t lower price because I will lose margin or API.”

—Course Owner

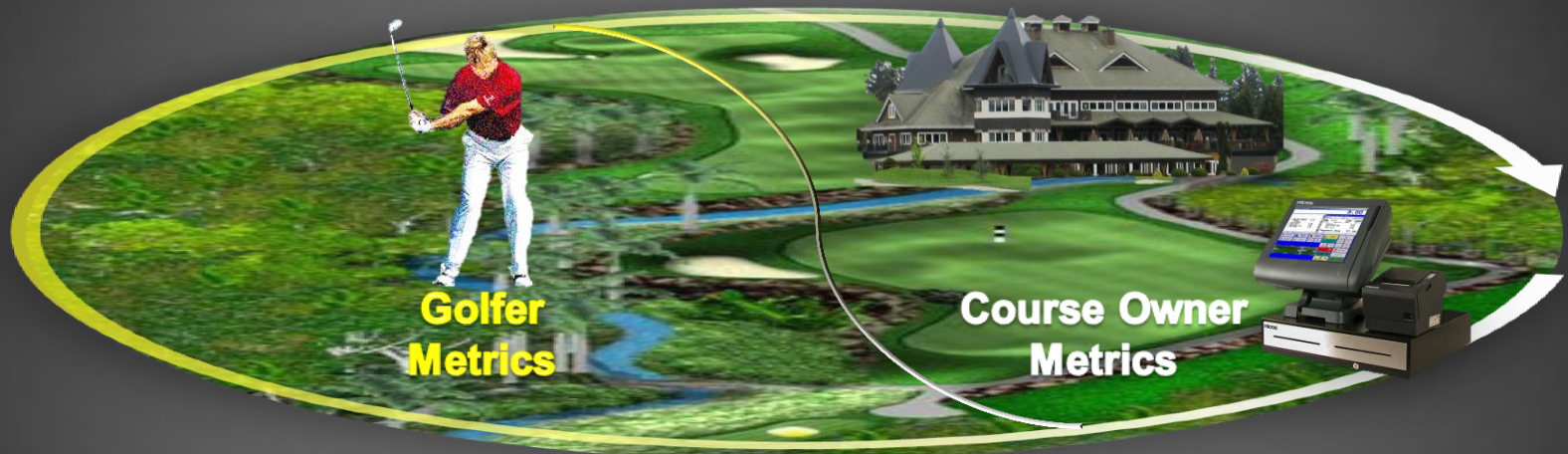
What should you want...

What your Golfers Want...

Quantival™

“I hate the pace of play on this course.”

—Golfer



**Golfer
Metrics**

**Course Owner
Metrics**

“Can someone get the marshal out?”

—Course Owner

What should you want...

What your Golfers Want...

Quantival™

“It’ll be raining on Thursday. Let’s play Tuesday or Wednesday while the weather is good.”

—Golfer



“Tuesday and Wednesday will be beautiful. Let’s play before the weather gets bad.”

—Course Owner

What should you want...

What your Golfers Want...

Quantival™

“I would pay a premium to ensure that I could play at 9 AM this Friday.”



“What do we do to be sure that the tee sheet is booked this Friday?”

—Course Owner

What you want?

How do you “fix” static prices?

A Scientific Approach to Pricing

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} \right. \\ &\left. + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

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Identify and value all factors that influence golfer decisions

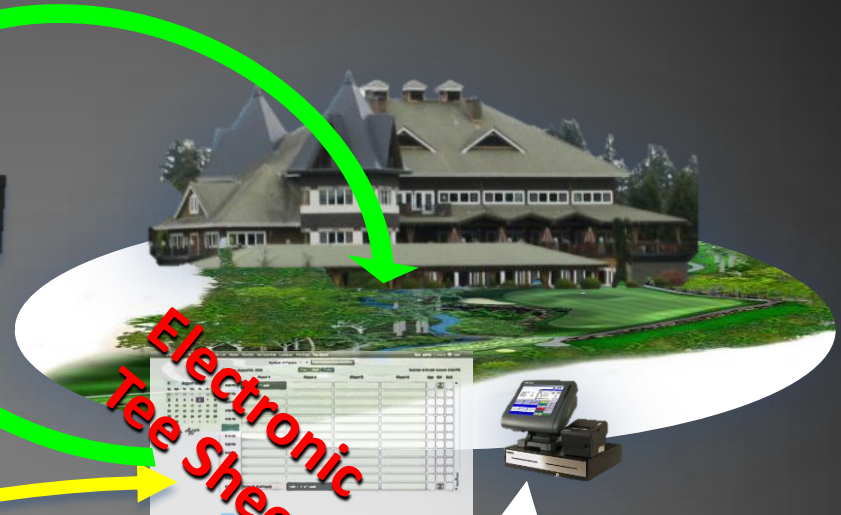


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How to do it...

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2. Pricing engine receives request and delivers optimized price



Electronic Tee Sheet

1. Golfer contacts course for a reservation



3. Optimal price returned to golfer

4. Golfer pays and plays

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$$f(x) = \frac{a_0}{2} + \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} + b_n \sin \frac{n\pi x}{L} \right)$$

Communicate New Value to Your Golfers

Quantival™



Tell your golfers that the best prices are available through your course's online reservation system

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

Less Guessing... More Science™

Shape your golfers' expectations of dynamic green fees

“You tell us the time, we’ll tell you the price.” You tell us the price, we’ll tell you the time.”™

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} \right. \\ &\left. + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

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Golfers look at the whole outing

A “scientific” approach to pricing

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} \right. \\ &\left. + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

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Optimally Price all Interdependent Revenue Centers



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Every golfer is different

A “scientific” approach to pricing

$$\begin{aligned} f(x) &= a_0 \\ &+ \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} \right. \\ &\left. + b_n \sin \frac{n\pi x}{L} \right) \end{aligned}$$

Less Guessing... More Science™

Match golfer to tee-time demand, and other services



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Other Golf Events: Long Drive Contest, Skills Competition, etc.

$$f(x) = a_0 + \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} + b_n \sin \frac{n\pi x}{L} \right)$$

Who is Quantival...

Quantival has built the premier intelligent system to optimize revenues and grow a customer's lifetime value



Quantival's Chairman and Co-Founder Dr. Nile W. Hatch is amongst the leading developers of demand-based pricing, and originator of the Intelligent Pricing Engine.

He is former Assistant Professor at the University of Illinois at Urbana-Champaign; and Research Fellow at the renowned Univ. of California at Berkeley.

He was named on the cover of the June 2011 edition of Harvard Business Review and was a member of the team that enabled the mega-technology corporation, Samsung, to dominate the memory chip market. He has consulted with numerous corporations.

—Past & Present Clients
Consist of Industry Giants



—Tier 1
Academic
Credentials



Professor Nile W. Hatch

Chairman of the Board & Co-Founder
 PhD Economics—The University of California at Berkeley
 Masters of Economics—The Univ. of California at Berkeley
 BS Economics—Brigham Young University
 Associate Professor Business Strategy Brigham Young Univ.
 Assistant Professor Strategy University of Illinois

Timothy Forstrom

Executive Director & Co-Founder
 BA—Brigham Young University
 Founder Kinexsys Capital Markets
 Expert Witness Capital Market Valuations
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 MBA—Kellogg School of Management at Northwestern Univ.
 BS Economics—Brigham Young University
 Executive/ Consultant to Tarian Technologies, Microsoft,
 Keebler, The World Bank

Roger Greene

Executive Director & Co-Founder
 Juris Doctor —Harvard
 BS Economics—Harvard University
 Principal Brazos and LoneStar Opportunity Funds
 Principal Stanmore Capital

$$f(x) = a_0 + \sum_{n=1}^{\infty} \left(a_n \cos \frac{n\pi x}{L} + b_n \sin \frac{n\pi x}{L} \right)$$

Glossary

Definitions as used in this document:

Static Pricing—	A pricing model that doesn't change when demand changes and doesn't change due to product variation.
Variable Pricing—	A pricing model that reflects variation in the product itself but does not reflect change over time.
Dynamic Pricing—	A pricing model that reflects changes in product states, real time market updates and changes in demand.
Optimized Pricing—	The pricing model that combines dynamic pricing with the <u>Quantival Intelligent Pricing Engine</u> .

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